

IC 27-1-26

Chapter 26. Policy Language Simplification

IC 27-1-26-1

Definitions

Sec. 1. As used in this chapter:

(a) "Commissioner" refers to the insurance commissioner.

(b) "Company" or "insurer" means a life or health insurance company, fraternal benefit society, prepaid health plan, dental care plan, vision care plan, pharmaceutical plan, health maintenance organization, and all similar type organizations.

(c) "Department" refers to the insurance department.

(d) "Policy" or "policy form" means:

(1) Any policy, contract, plan, or agreement of life or health insurance, including credit life insurance and credit health insurance, to be issued in Indiana by a company subject to this chapter.

(2) Any certificate, contract, or policy issued by a fraternal benefit society.

(3) Any certificate issued under a group insurance policy to be issued for delivery in Indiana.

(e) "Text" means all printed matter except the following:

(1) The name and address of the insurer.

(2) The name, number, or title of the policy.

(3) The table of contents or index.

(4) Captions and subcaptions.

(5) Specification pages.

(6) Schedules or tables.

(7) Language that is drafted to conform to the requirements of federal law, regulation, or federal agency interpretation.

(8) Language required by a collectively bargained agreement.

(9) Medical terminology.

(10) Words that are defined in the policy.

As added by Acts 1981, P.L.245, SEC.1.

IC 27-1-26-2

Policies and forms not subject to chapter

Sec. 2. (a) This chapter does not apply to:

(1) A policy that is security subject to federal jurisdiction.

(2) A group policy, other than a group credit life insurance policy or a group credit health insurance policy.

(3) A group annuity contract that serves as a funding vehicle for pension, profit-sharing, or deferred compensation plans.

(4) A form used in connection with a policy issued for delivery on a form approved or permitted to be issued for delivery in Indiana.

As added by Acts 1981, P.L.245, SEC.1.

IC 27-1-26-3

Minimum requirements

Sec. 3. Except as otherwise provided in this chapter, a policy issued for delivery in Indiana must meet the following minimum requirements:

- (1) The text achieves a minimum score of forty (40) on the Flesch reading ease test or an equivalent score on a comparable test approved by the commissioner as provided by section 6 of this chapter.
- (2) It is printed, except for specification pages, schedules, and tables, in not less than ten (10) point type, one (1) point leaded.
- (3) The style, arrangement, and overall appearance of the policy give no undue prominence to any portion of the text of the policy or to any endorsements or riders.
- (4) It must contain a table of contents or an index of the principal sections of the policy if:
 - (A) the policy has three thousand (3,000) or more words; or
 - (B) the policy has three (3) or more pages.

As added by Acts 1981, P.L.245, SEC.1.

IC 27-1-26-4

Non-English language policies

Sec. 4. A non-English language policy that is issued for delivery in Indiana is in compliance with this chapter if the insurer issuing the policy certifies that the policy if translated into English would comply with section 3 of this chapter.

As added by Acts 1981, P.L.245, SEC.1.

IC 27-1-26-5

Flesch reading ease score; procedure to determine; rules of construction

Sec. 5. (a) The following procedure shall be used in determining the Flesch reading ease score:

- (1) First, a sample of the text of the policy shall be chosen for analysis:
 - (A) For policy forms containing ten thousand (10,000) or less words of text, the entire policy form shall be analyzed.
 - (B) For policy forms containing ten thousand and one (10,001) or more words of text, two (2) samples of two hundred (200) words from each page, with each sample separated by at least twenty (20) lines, may be analyzed instead of the entire form.
- (2) Second, the number of words and sentences in the text shall be counted and the total number of words shall be divided by the total number of sentences. The figure obtained shall be multiplied by a factor of one and fifteen thousandths (1.015).
- (3) Third, the total number of syllables shall be counted and divided by the total number of words. The figure obtained shall be multiplied by a factor of eighty-four and six tenths (84.6).
- (4) Fourth, the sum of the figures computed under subdivisions (2) and (3) when subtracted from two hundred six and eight hundred thirty-five thousandths (206.835) equals the Flesch reading ease score for the policy form.

(b) For the purposes of subsections (a)(2) through (4), the following rules of construction shall be used:

(1) A contraction, hyphenated word, or numbers and letters, when separated by spaces, shall be treated as one (1) word.

(2) A unit of words ending with a period, semicolon, or colon, but excluding headings and captions, shall be counted as a sentence.

(3) The term "syllable" means a unit of spoken language consisting of one (1) or more letters of a word as divided by a dictionary approved by the commissioner.

(4) When a dictionary approved by the commissioner shows two (2) or more equally acceptable pronunciations of a word, the pronunciation containing fewer syllables may be used.

As added by Acts 1981, P.L.245, SEC.1.

IC 27-1-26-6

Reading ease; alternative tests

Sec. 6. The commissioner may approve the use of any other reading ease test as an alternative to the Flesch reading ease test if it is comparable in result to the Flesch reading ease test.

As added by Acts 1981, P.L.245, SEC.1.

IC 27-1-26-7

Certificate of insurer to accompany policy filed with department; contents; additional information

Sec. 7. (a) A policy filed with the department must be accompanied by a certificate signed by an officer of the insurer stating that:

(1) the policy meets the minimum reading ease score on the test used; or

(2) the score for the policy is lower than the minimum required but should be approved in accordance with section 9 of this chapter.

(b) To confirm the accuracy of a certification under subsection (a), the commissioner may require the submission of additional information to verify the certification.

As added by Acts 1981, P.L.245, SEC.1.

IC 27-1-26-8

Separate test scores permitted for riders, endorsements, applications, and other forms

Sec. 8. At the option of an insurer, riders, endorsements, applications, and other forms made a part of the policy may be scored separately.

As added by Acts 1981, P.L.245, SEC.1.

IC 27-1-26-9

Policies with failing scores; issuance for delivery authorized upon certain findings

Sec. 9. The commissioner may authorize a policy to be issued for

delivery in Indiana with a score lower than the score required by section 3 of this chapter if he finds that the lower score:

- (1) will provide a more accurate reflection of the readability of a policy form;
- (2) is necessary because of the nature of a particular policy form or type or class of policy forms; or
- (3) is caused by policy language that is drafted to conform to the requirements of Indiana law, regulation, or agency interpretation.

As added by Acts 1981, P.L.245, SEC.1.

IC 27-1-26-10

Compliance with other laws

Sec. 10. A policy form meeting the requirements of this chapter shall be approved notwithstanding the requirements of any other law that specifies the contents of policies, only if the policy form provides the policyholders and claimants with protection as favorable as they are entitled to under that law.

As added by Acts 1981, P.L.245, SEC.1.

IC 27-1-26-11

Regulations

Sec. 11. The commissioner may adopt regulations under IC 4-22-2 necessary to administer this chapter.

As added by Acts 1981, P.L.245, SEC.1.

IC 27-1-26-12

Application of chapter

Sec. 12. This chapter applies to all policy forms filed after June 30, 1982. A policy may not be issued for delivery in Indiana after June 30, 1985, unless approved by the commissioner or permitted to be issued under this chapter. A policy that has been approved or permitted to be issued under this chapter before July 1, 1985, and that meets the standards of this chapter does not need to be refiled for approval on July 1, 1985, but may continue being issued in Indiana upon filing with the commissioner a list of those forms, identified by form number, and accompanied by a certificate for each form as provided by section 7 of this chapter.

As added by Acts 1981, P.L.245, SEC.1.